

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
CONSUMERS ENERGY COMPANY)	
for approval of a partial waiver of Rule 606(2)(b))	Case No. U-12103
of the Michigan Gas Safety Standards.)	
_____)	

In the matter, on the Commission's own motion,)	
directing CONSUMERS ENERGY COMPANY)	
to show cause why the partial waiver of)	Case No. U-18410
Rule 606(2)(b) of the Michigan Gas Safety Standards)	
should not be rescinded.)	
_____)	

At the July 31, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER TO SHOW CAUSE

On September 15, 1999, in Case No. U-12103, Consumers Energy Company (Consumers) filed an application requesting a partial waiver of the requirement that it conduct a leakage survey of the portion of its natural gas system's copper services on the customers' premises (the yard portion) at least once every three years as required by 49 CFR 192.723(b)(2), adopted by reference in Rule 460.20606(b). According to Consumers' application, conducting a leakage survey of copper services every five years, rather than every three years, is reasonable in light of limited number of leaks the company was finding in surveying these lines.

The Commission issued notice of the proceedings, but there were no commenters or intervenors. The Commission Staff (Staff) and Consumers filed a settlement agreement, which the Commission approved in an order issued on March 14, 2000 (March 14 order). The U.S. Department of Transportation approved the waiver on May 26, 2000.

According to the March 14 order, p. 2, the Staff and Consumers agreed:

Consumers provided corrosion leak data showing that the leak rate for copper services is comparable to that for coated and wrapped steel services and that it is much better than that for bare steel services. The settlement agreement goes on to note that, based on the performance of copper services over the last 12 years, leak surveying the yard portion of copper services on an interval not to exceed five years is reasonable and (because most leaks occur near the roadway) Consumer's concurrent proposal to do a mobile leakage survey on a three-year cycle is not inconsistent with gas pipeline safety and is in the public interest. The settlement agreement goes on to state that the Staff reviewed Consumers' data and agreed that (1) the proposed waiver will serve the public interest, (2) granting the requested waiver is not inconsistent with gas pipeline safety, and (3) issuing this waiver will not violate the principles of risk management.

Subsequently, Consumers provided updated leak survey information to the Staff. This more recent data indicates that although copper service lines had a leak rate comparable to coated and wrapped steel service lines from 1987 to 1998, in the period from 2004 to 2014, the leak rate for copper service lines increased significantly, from 1.00 leaks per 1000 services in the 1987-1998 period to 1.47 leaks per 1000 services in 2004-2014. This is compared to a range of 0.84 to 0.98 leaks per 1000 service lines for coated and wrapped steel services over the same 27-year period.

Given the significant increase in leaks in copper service lines since 2004, the Commission directs Consumers to show cause why the waiver granted in the March 14 order should not be rescinded. Toward that end, the Commission finds that Consumers should be directed to file a response to this order by August 21, 2017, to be followed by an informal meeting with the Commission Staff at 10:00 a.m. on August 31, 2017.

THEREFORE, IT IS ORDERED that:

A. Consumers Energy Company shall file a response to this order to show cause by August 21, 2017.

B. Consumers Energy Company shall appear at an informal meeting with Commission Staff in the Gas Operations Section at 10:00 a.m. on August 31, 2017.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of July 31, 2017.

Kavita Kale, Executive Secretary